

Message Text

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PAGE 01 OTTAWA 01498 032157 Z

70

ACTION EUR-25

INFO OCT-01 ADP-00 ARA-11 NEA-10 CIAE-00 DODE-00 PM-07

H-02 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

SS-15 USIA-12 EB-11 COME-00 INT-08 TRSE-00 OMB-01

SCEM-02 SCI-06 FPC-01 ACDA-19 IO-13 RSR-01 /173 W

----- 120419

R 032144 Z JUN 73

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 1246

INFO USMISSION OECD PARIS

AMCONSUL CALGARY

AMCONSUL MONTREAL

AMCONSUL QUEBEC

AMCONSUL TORONTO

UNCLAS OTTAWA 1498

E. O. 11652: N/ A

TAGS: ENRG, CA, OECD

SUBJECT: SECURITY OF OIL SUPPLY FOR EASTERN CANADA - REMARKS
OF MINISTER MACDONALD.

REF : OTTAWA 1491

1. IN HOUSE OF COMMONS QUESTION PERIOD JUNE 29, MINISTER OF
EM& R MACDONALD QUESTIONED BY WILLIAMS (PROGRESSIVE-
CONSERVATIVE - ALBERTA) WHETHER, AS REPORTED IN PRESS (OTTAWA
1491) IT WAS GOC POLICY TO PUT OTHER MEASURES AHEAD OF
EXTENDING PIPELINE TO MONTREAL IN SEEKING TO ASSURE OIL
SUPPLIES FOR EASTERN CANADA. MACDONALD REPLIED, " PRIORITY
IN DEALING WITH SECURITY OF SUPPLY PROBLEM WILL BE, FIRST,
TO SEEK POSSIBILITIES OF A HIGHER LEVEL OF STORAGE IN EASTERN
CANADA FOR OFFSHORE SUPPLIES; SECOND, TO SEEK BY INTERNATIONAL
AGREEMENT, EITHER MULTILATERALLY THROUGH OECD OR, IF THROUGH
THAT AGENCY PROGRESS IS NOT MADE, BY BILATERAL AGREEMENT WITH
SUPPLIER COUNTRIES, TO TRY TO SECURE SUPPLY. THIRD PRIORITY,
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IF THERE IS NOT SUCCESS THERE, WOULD BE TO GIVE MORE INTENSIVE CONSIDERATION TO POSSIBILITY OF EXTENDING OIL PIPELINE FROM TORONTO INTO MONTREAL AND QUEBEC MARKET".

2. EARLIER IN QUESTION PERIOD, NEW DEMOCRATIC PARTY LEADER LEWIS ASKED MACDONALD IF GOC, IN VIEW OF RAPIDLY RISING DOMESTIC PRICES, WOULD FURTHER RESTRICT OIL AND GAS EXPORTS AND MOVE ON " TWO PRICE SYSTEM" PENDING ANNOUNCEMENT OF NEW ENERGY POLICY. MACDONALD REPLIED BY (A) ACCUSING LEWIS OF SEEKING POLITICAL ADVANTAGE BY CREATING " PANIC ATMOSPHERE", (B) SAYING FUTURE EXPORT LEVELS YET TO BE DETERMINED, AND (C) DECLARING THAT BASIC POLICY CHANGES SUCH AS ADOPTION OF TWO PRICE SYSTEM (WITH DIFFERENTIAL REGIONAL IMPACT AND PARTIAL DEPENDENCE ON PROVINCIAL LAW) WOULD NOT BE MADE PRIOR TO THOROUGH CONSULTATION WITH AND AGREEMENT AMONG PROVINCIAL GOVERNMENTS. SCHMIDT

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NNNNMAFVVZCZ

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*** Current Classification *** UNCLASSIFIED

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